

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 248** SLS 13RS 649
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

| | |
|--|--------------------------------|
| Date: May 31, 2013 8:02 AM | Author: CROWE |
| Dept./Agy.: Revenue | Analyst: Deborah Vivien |
| Subject: Excludes coin bullion under \$1,000 from sales tax | |

TAX/SALES EG DECREASE GF RV See Note Page 1 of 1
 Provides for sales and use tax exemption on purchases of gold and silver bullion coins. (gov sig)

Current law excludes gold, silver, and other numismatic coins as well as gold, silver and platinum bullion from state and local sales tax with a total value over \$1,000.

Proposed law creates an exemption from state and local sales tax for gold and silver bullion coins of any value.

| EXPENDITURES | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Annual Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

| REVENUES | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | DECREASE | DECREASE | DECREASE | DECREASE | DECREASE | |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | DECREASE | DECREASE | DECREASE | DECREASE | DECREASE | |
| Annual Total | | | | | | |

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

The Revenue Department sales tax system does not track the sales excluded as a result of current law. However, to the extent that sales tax is being remitted on purchases under \$1,000, state and local funds will decrease.

Bullion is typically defined as a coin of a certain weight, such as 1-ounce, 1/2-ounce or even grams (for gold and silver bars), and bullion coins are purchased primarily as an investment while numismatic coins are typically purchased as collectibles primarily valued for their rarity.

Since most bullion purchases are likely made for investment purposes, it is assumed that most bullion sales are already exempt from sales tax due to the \$1,000 value threshold. While this bill speaks to coin bullion sales, it might be construed to apply to numismatic coin sales as well, since those coins might be described as coin bullion. Numismatic coin purchases under \$1,000 would include purchases made by collectors and is expected to be the type of sale most impacted by this bill under a broader interpretation of the bill, although some small bullion purchases may also be affected. Data concerning these types of sales in the state is not readily available.

However, a similar bill has been proposed in Texas and the Comptrollers Office analyzed its impact based on a survey of firms specializing in these sales (coin bullion and numismatic coins) combined with a review of the tax files of those firms. That impact was roughly a \$200,000 per year revenue loss to the state. This small Texas loss suggests a small loss to the Louisiana state fisc. Adjusting the Texas estimate from a 6.25% tax rate to Louisiana's 4% rate results in a \$128,000 loss at 4%. Then scaling this figure to the Louisiana population (18% of the TX population) results in a \$23,000 loss. This exercise is not a precise estimate of the Louisiana revenue loss from this bill, and actual losses could exceed the results of this exercise, but it does suggest that the revenue loss is likely to be small, at both the state and local levels.

| | | |
|---|----------------------------|--|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | <input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {S} |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

Gregory V. Albrecht
Chief Economist